

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 SP-02 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

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R 240350Z JAN 76

FM SECSTATE WASHDC

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E.O. 11652: N/A

TAGS: EFIN

SUBJECT: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
(IFAD)

REF: STATE 300294

1. THE THIRD MEETING OF INTERESTED GOVERNMENTS ON IFAD IS SCHEDULED TO TAKE PLACE IN ROME JANUARY 28 TO FEBRUARY 6. IN ORDER FOR THE PREPARATORY DAC CAUCUS AND THE MEETING TO PROGRESS WITH AS LITTLE DELAY AS POSSIBLE, WE WOULD LIKE TO INFORM DAC CAPITALS OF THE U.S. POSITION ON THE MAJOR OUTSTANDING ISSUES. WE BELIEVE THAT ENOUGH GROUNDWORK WAS LAID BY THE CONTACT GROUP AT THE LAST MEETING SO THAT A FULL AGREEMENT CAN BE REACHED ON THE ARTICLES OF AGREEMENT BASED ON THOSE NEGOTIATIONS. EMBASSIES SHOULD INFORM APPROPRIATE HOST GOVERNMENT OFFICIALS OF THE U.S. POSITION OUTLINED BELOW AND SEEK CONTINUED SUPPORT.

2. THE PRINCIPAL OUTSTANDING ISSUE IS THE TOTAL LEVEL OF CONTRIBUTIONS AND HOW THAT TOTAL IS TO BE MET. WE CONTINUE TO SUPPORT THE TARGET OF PLEDGES TOTALLING 1 BILLION SDR. HOWEVER, WE REALIZE THAT IT MAY BE UNREALISTIC TO EXPECT THAT TOTAL AMOUNT TO BE PLEDGED

BEFORE THE FUND ENTERS INTO FORCE. THEREFORE, WE WOULD BE WILLING TO ACCEPT PLEDGES OF DOLS 1 BILLION ON SCHEDULE I AS THE FIRST ELEMENT OF THE TRIGGER FOR ENTRY INTO FORCE. ADDITIONALLY, WE BELIEVE THERE MUST BE INSTRUMENTS OF RATIFICATION AS WELL AS INSTRUMENTS OF CONTRIBUTION TOTALLING AT LEAST 750 MILLION SDR WITH A CONTRIBUTION DEADLINE OF DECEMBER 31, 1977. FINALLY SCHEDULE I SHOULD SHOW THAT GROUP I AND GROUP II HAVE ROUGHLY EQUIVALENT CONTRIBUTIONS. WITH THESE CONDITIONS FILLED BEFORE ENTRY INTO FORCE THE GOAL SPECIFIED BY RESOLUTION XIII OF THE WORLD FOOD CONFERENCE OF OBTAINING SUBSTANTIAL ADDITIONAL RESOURCES FOR

AGRICULTURAL DEVELOPMENT WILL HAVE BEEN ACHIEVED.
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3. THE U.S. HAS VERY LITTLE FLEXIBILITY ON THIS POINT BECAUSE THE AUTHORIZING LEGISLATION OF OUR CONTRIBUTION IS CONTINGENT UPON QUOTE ALL DONOR COMMITMENTS TO THE IFAD TOTAL AT LEAST DOLS 1 BILLION EQUIVALENT IN CONVERTIBLE CURRENCIES, EXCEPT THAT THE UNITED STATES CONTRIBUTION SHALL BE PROPORTIONATELY REDUCED IF THE COMBINED GOAL IS NOT MET; AND THERE IS EQUITABLE BURDEN SHARING AMONG THE DIFFERENT CATEGORIES OF CONTRIBUTORS.

END QUOTE

4. THE PRINCIPLE OF SELF-DETERMINATION OF EACH GROUP WITH REGARD TO VOTING PROCEDURES WITHIN THE GROUP IN BOTH EXECUTIVE BOARD AND GOVERNING COUNCIL IS FUNDAMENTAL AND THE COMPROMISE REACHED IN THE CONTACT GROUP MUST BE ADHERED TO. OUR UNDERSTANDING OF THE AGREEMENT ON WEIGHTED VOTING IS THAT 17.5 PERCENT OF GROUP I'S VOTES (105 OUT OF 600) WOULD BE DISTRIBUTED EQUALLY AMONG ALL MEMBERS OF GROUP I WITH THE REMAINING VOTES WEIGHTED ACCORDING TO RELATIVE CONTRIBUTIONS.

5. ALSO THE COMPROMISE ON THE VOTING MAJORITY REQUIRED IN THE EXECUTIVE BOARD SHOULD BE HONORED. IT WAS AGREED THAT DECISIONS WOULD BE TAKEN BY A MAJORITY OF THREE-FIFTHS OF THE VOTES CAST (AS DEFINED IN THE DRAFT ARTICLES) PROVIDED THAT SUCH MAJORITY IS MORE THAN ONE-HALF OF THE TOTAL NUMBER OF VOTES OF ALL MEMBERS OF THE EXECUTIVE BOARD.

6. ON THE ISSUE OF DIRECT LENDING TO GOVERNMENTS WE BELIEVE GROUP I COUNTRIES HAVE MADE SIGNIFICANT COMPROMISES IN THE CONTACT GROUP AND CAN GO NO FURTHER THAT THE AGREED LANGUAGE WHICH FOLLOWS: QTE. HOWEVER, IN EXCEPTIONAL CIRCUMSTANCES, WHERE APPROPRIATE ARRANGEMENTS WITH AN INTERNATIONAL OR REGIONAL INTERMEDIARY ARE NOT POSSIBLE FOR A SPECIFIC PROJECT OR PROGRAM ON TERMS AND CONDITIONS

WHICH RESPECT THE FUND'S OWN POLICIES, THE EXECUTIVE BOARD MAY APPROVE THE USE OF THE SERVICES OF AN EXPERIENCED INSTITUTION IN THE RECIPIENT COUNTRY. IN THESE EXCEPTIONAL CASES, APPROVAL BY THE EXECUTIVE BOARD SHALL BE BY A THREE-FOURTHS MAJORITY OF TOTAL VOTES. ANY LIMITED OFFICIAL USE

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PROJECT OR PROGRAM APPROVED UNDER THIS SUB-SECTION WILL BE SUBJECT TO MONITORING BY AN INDEPENDENT THIRD PARTY INSTITUTION. UNQTE.

7. FINALLY, REGARDING THE VOTING MAJORITIES REQUIRED IN THE GOVERNING COUNCIL, WE BELIEVE THAT THE LIST OF EXCEPTIONS TO THE MAJORITY RULE TABLED BY THE OECD GROUP IS REASONABLE AND COULD AGREE ON ONLY MINOR MODIFICATION OF THAT STATEMENT. GROUP I HAS AGREED THAT A HIGHER MAJORITY FOR ALL THE ITEMS ON THE LIST IS ESSENTIAL TO PROTECT THE KEY INTERESTS OF ANY ONE GROUP OF COUNTRIES AGAINST ACTION BY A SIMPLE MAJORITY.

8. WE UNDERSTAND THAT FAO DIRECTOR GENERAL SAOUMA HAS UNVEILED A LIST OF AMENDMENTS WHICH HE INTENDS TO TABLE

AT THIS SESSION. THEY WOULD REOPEN SEVERAL ISSUES AND PROPOSE A MORE LEADING ROLE FOR THE FAO THAN IS CURRENTLY ENVISAGED. THESE PROPOSALS HAVE BEEN DISCUSSED BY THE OECD/DAC GROUP IN ROME AND THEIR REACTION WAS UNIFORMLY NEGATIVE. THE U.S. BELIEVES WE OUGHT TO UPHOLD THE PRINCIPLE OF THE INDEPENDENCE OF IFAD AND PRESENT BASIC CHARACTER OF THE INSTITUTION. SISCO

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